



J. TYLER McCaULEY
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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December 11, 2006

TO: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley 
Auditor-Controller

SUBJECT: **ARMENIAN EVANGELICAL SOCIAL SERVICES CENTER CONTRACT
REVIEW – REFUGEE EMPLOYMENT PROGRAM**

We have conducted a program and fiscal contract review of Armenian Evangelical Social Services Center (AESSC or Agency), a Refugee Employment Program (REP or Program) service provider.

Background

The Department of Public Social Services (DPSS) contracts with AESSC, a private, non-profit, community-based organization to provide job-training and employment services to refugees who have resided in the United States for less than five years. The Agency's services include providing language, vocational and on-the-job work training, job seeking skills, assisting participants in retaining employment and paying for work related expenses such as transportation and union dues. The population that AESSC serves resides in the Third and Fifth Districts.

DPSS pays AESSC a fixed fee for each type of service based on budgeted program costs and anticipated service levels. DPSS paid AESSC \$567,850 for Fiscal Year 2005-06.

"To Enrich Lives Through Effective and Caring Service"

Purpose/Methodology

The purpose of the review was to determine whether AESSC complied with its contract terms and appropriately accounted for and spent program funds in providing services to the eligible participants. We also evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State and County guidelines.

Results of Review

AESSC provided services required by the County contract using the appropriate number of staff who possessed the qualifications required by the County contract. The program participants interviewed stated that the services they received from AESSC generally met their expectations. In addition, the expenses that the Agency charged the program were allowable and properly documented.

Review of Report

We discussed our report with AESSC management on September 26, 2006. In their attached response AESSC management indicates agreement with our report. We also notified DPSS of the results of our review.

We thank AESSC for their cooperation and assistance during this review. Please call me if you have any questions, or your staff may contact Don Chadwick at (626) 293-1102.

JTM:MMO:DC

Attachment

c: David E. Janssen, Chief Administrative Officer
Bryce Yokomizo, Director, Department of Public Social Services
Nora L. Ashjian, Program Director, Armenian Evangelical Social Services Center
Public Information Office
Audit Committee

**REFUGEE EMPLOYMENT PROGRAM
ARMENIAN EVANGELICAL SOCIAL SERVICES CENTER
FISCAL YEAR 2005-2006**

ELIGIBILITY

Objective

Determine whether Armenian Evangelical Social Services Center (AESSC or Agency) provided the services to individuals that meet the eligibility requirements of the Refugee Employment Program (REP or Program).

Verification

As request by the Department of Public Social Services (DPSS), we reviewed documentation in case files for all 50 program participants that were reported as receiving services in July, August, and September 2005, to confirm the participants' eligibility for program services.

Results

All program participants reviewed were eligible to receive program services. AESSC also maintained appropriate documentation to support the participants' eligibility to receive program services.

Recommendation

There are no recommendations for this section.

BILLED SERVICES/CLIENT VERIFICATION

Objective

Determine whether AESSC provided the services billed in accordance with their contract and the program participants received those services.

Verification

We reviewed the documentation contained in all 50 program participant case files for participants that received services in July, August, and September 2005, to ensure that the services billed were provided in accordance with the County contract. We also interviewed 23 program participants to confirm the services AESSC billed to DPSS were provided. AESSC billed DPSS \$167,454 during the sample months.

Results

AESSC appropriately provided language, vocational and on-the-job work training and job seeking skills assisted in retaining employment and paid work related expenses such as transportation and union dues. In addition, the program participants stated that the services they received from AESSC met their expectations.

Recommendation

There are no recommendations for this section.

SERVICE/STAFFING LEVELS**Objectives**

Determine whether AESSC's service and staffing levels do not significantly vary from planned levels.

Verification

We reviewed billing statements for July, August, and September 2005 and compared them to the Agency's proposed service levels for the same periods. In addition, we interviewed staff and reviewed AESSC's employee rosters.

Results

The Agency's reported service levels for the period decreased by 64% due to a reduction in the number of participant cases referred to AESSC by DPSS. The Agency's actual staffing level of 13 full time equivalent staff remained at the planned level. Although staffing levels have not decreased in proportion to the service levels, the overall effect did not impact the level of services provided by the Agency or the corresponding rates charged. The Agency indicated that the staffing levels are monitored regularly and if the changes in the service levels consistently remain low staffing levels will be adjusted proportionately.

Recommendation

There are no recommendations for this section.

STAFFING QUALIFICATIONS**Objective**

Determine whether AESSC's staff possessed the qualifications required by the contract.

Verification

We reviewed the personnel files of all 14 staff for documentation to confirm staff qualifications.

Results

Each of AESSC's staff possessed the required employment eligibility verification, training, reading, writing and speaking requirements identified in the contract.

Recommendation

There are no recommendations for this section.

CASH/REVENUES**Objective**

Determine whether cash receipts are properly recorded in the Agency's records and deposited timely in the Agency's bank account. Determine whether bank reconciliations are properly prepared and reconciling items are valid and cleared in a timely manner. In addition, determine whether there are adequate controls over cash and the Agency is reporting all revenue sources as required.

Verification

We reviewed copies of the bank reconciliations prepared by the Agency for September 2005 and reviewed financial records to verify that the cash receipts are properly recorded and deposited timely. We also reviewed AESSC's cash and revenue procedures.

Results

AESSC properly recorded and deposited cash receipts timely in the Agency's bank account. AESSC also performed monthly reconciliations to ensure adequate controls over cash. In addition, reconciling items appeared valid and were cleared in a timely manner.

Recommendation

There are no recommendations for this section.

EXPENDITURES/PROCUREMENT**Objective**

Determine whether program related expenditures are allowable under the County contract, properly documented, and accurately billed.

Verification

We interviewed Agency personnel, reviewed financial records, and reviewed documentation for eleven non-personnel expenditure transactions billed by the Agency for September 2005 totaling approximately \$4,360.

Results

Overall, AESSC's expenses were allowable, accurately billed to DPSS and properly documented as required.

Recommendation

There are no recommendations for this section.

INTERNAL CONTROLS**Objective**

To determine whether the contractor maintained sufficient internal controls over its business operations.

Verification

We interviewed Agency personnel, reviewed their policies and procedures manuals, and tested transactions in various areas such as expenditures, payroll and personnel.

Results

AESSC maintained sufficient internal controls over its business operations.

Recommendation

There are no recommendations for this section.

FIXED ASSETS**Objective**

Determine whether AESSC's purchases made with program funds are used for the program and that the assets are safeguarded and accurately accounted for.

Verification

We interviewed AESSC personnel and reviewed the Agency's equipment inventory listing. In addition, we also performed a physical inventory of four items funded by program funds.

Results

AESSC's items purchased with REP funding were used for the program. In addition, the Agency adequately safeguarded the fixed assets.

Recommendation

There are no recommendations for this section.

PAYROLL AND PERSONNEL**Objective**

Determine whether payroll is appropriately charged to the program. In addition, determine whether personnel files are maintained as required.

Verification

We reviewed payroll expenditures for 14 employees during September 2005, totaling \$37,914. We also interviewed staff and reviewed the personnel files of staff assigned to the program.

Results

The Agency program staff salaries were supported with time cards and charged appropriately to the program. In addition, AESSC maintained personnel files as required per the County contract.

Recommendation

There are no recommendations for this section.

COST ALLOCATION PLAN**Objective**

Determine whether AESSC's Cost Allocation Plan was prepared in compliance with the County contract and applied to program costs.

Verification

We reviewed AESSC's Cost Allocation Plan and reviewed a sample of expenditures incurred by the Agency during September 2005.

Results

AESSC's Cost Allocation Plan was prepared in compliance with the County contract and costs were appropriately allocated.

Recommendation

There are no recommendations for this section.

PRIOR YEAR FOLLOW-UP**Objective**

To determine the status of the recommendations reported in the prior monitoring review issued by a contracted CPA firm.

Verification

We reviewed the most current monitoring report issued on April 27, 2005. In addition, we reviewed the Agency's corrective action plan and financial records to ensure that the findings were resolved and recommendations were implemented.

Results

AESSC implemented the five recommendations contained in the monitoring report.

Recommendation

There are no recommendations for this section.



ARMENIAN EVANGELICAL SOCIAL SERVICE CENTER
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Jack H. Loussararian
Executive Director

Nora Ashjian
Program Director

November 20, 2006

J. Tyler McCauley
Los Angeles, County Auditor-Controller
500 W Temple, Room 525
Los Angeles, CA 90012

Dear Mr. McCauley:

Contract Review Response

Armenian Evangelical Social Service Center (AESSC) has reviewed the report issued by your Department and is in general agreement with the findings and recommendation. We want to thank the Auditor controller staff for their professionalism during the review, also for their accurate and complete report.

Please call me if you have any questions at (818) 240-8771.

Sincerely,

Jack H. Loussararian,
Executive Director
Armenian Evangelical Social Service Center

C: Nora L. Ashjian, Program Director